



LEGAL ASPECTS OF DOING BUSINESS IN MEXICO

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- A. Initial business inquiries relative to expansion into Mexico.
 - 1. What is our strategic purpose?
 - 2. What are our short, medium and long term objectives?
 - 3. What level of control and involvement do we desire?
 - 4. How does our plan relate to our domestic operations and strategy?
 - 5. What is our commitment to the market in terms of financial and human resources?
- B. Typical market entry strategies.
 - 1. Common strategies.
 - a. Sales through local distributor, sales representative or agent.
 - b. Licensing of technology/Franchising.
 - c. Direct export sales to local end customers.
 - d. Sales and/or manufacturing by utilizing a joint venture with a local partner.
 - e. Sales and/or manufacturing through establishment of a local subsidiary or sister company.
 - 2. Advantages and disadvantages of each strategy.
- C. Legal issues relating to formation of subsidiary or sister company.
 - 1. Selection of type of entity.
 - a. Corporation.
 - b. Limited liability company.
 - c. Partnership.
 - 2. Foreign investment law restrictions.

3. Immigration law issues.
 4. Labor law issues.
 5. Tax law considerations.
 6. Cost.
- D. Legal issues relating to joint venture arrangements.
1. Legal recognition.
 2. Choice of vehicle.
 3. Control issues.
 4. Exit strategies.
- E. Legal issues relating to use of sales agents/distributors.
1. Agent or distributor: Business and legal distinctions.
 2. Special legal concerns regarding term and termination.
 3. Permanent establishment (tax) issues.
 4. Confidentiality and intellectual property issues.
 5. Advantages and disadvantages.
 6. Simplicity.
- F. Specific legal issues arising in international sales contracts.
1. Applicable treaties.
 2. U.N. Convention on Contracts for the International Sale of Goods.
 3. International terminology.
 4. INCOTERMS: Delivery, pricing and payment terms.
 5. Choice of law.
 6. Dispute resolution.

7. Product approvals/registrations/labeling.
 8. Import permits and duties.
 9. Governing language.
- G. Intellectual property law protection.
- H. Practical Suggestions.
1. Do your homework.
 - culture and customs
 - language
 - market for products or services and ease of access
 - identify regulatory framework
 - legal, tax and business framework
 2. Prepare business plan.
 - define market
 - analyze and select alternative market entry strategies
 - identify strengths and weaknesses and potential problem areas of each market entry strategy
 - budget ample resources -- both financial and human
 - adapt business and products to foreign market
 - devise strategy to cope with applicable laws and regulations
 - identify necessary personnel
 3. Assemble team.
 - competent and experienced legal, tax and accounting advisors
 - take advantage of available resources (GOED, U.S. Foreign & Commercial Service, USTR, Foreign Embassies, etc.)
 - communications experts
 - financial advisors/banking
 - shipping and customs experts
 4. Remember three “P’s.”
 - Planning, preparation and persistence